

Dwelling Approvals February 2025

Seasonally adjusted dwelling approvals ebbed by 0.3% in February, somewhat less than the 1.3% decline expected by the market participants.

The annual rate of growth accelerated to 25.7%, which is the fastest since August 2021.

Monthly trend growth has turned back positive, while annual trend growth accelerated to 16.1%, which is also the fastest in 3.5 years.

Seasonally Adjusted (%)	MoM	YoY
Total Dwelling Approvals	-0.3	25.7
Private Dwellings	-0.1	26.9
- Houses	1.0	5.2
- Dwellings Ex Houses	-1.5	73.1

The decline in approvals was driven by dwellings other than houses, which followed solid gains in the previous two months. Trend growth remained positive, reaccelerating to 1.6% MoM. Dwelling approvals are now up 73.1% YoY in seasonally adjusted terms and 41.6% YoY in trend terms, and well above the historical average.

Private sector house approvals rose by 1.0% in February, to be up by 5.2% YoY, but monthly trend growth remained negative.

States

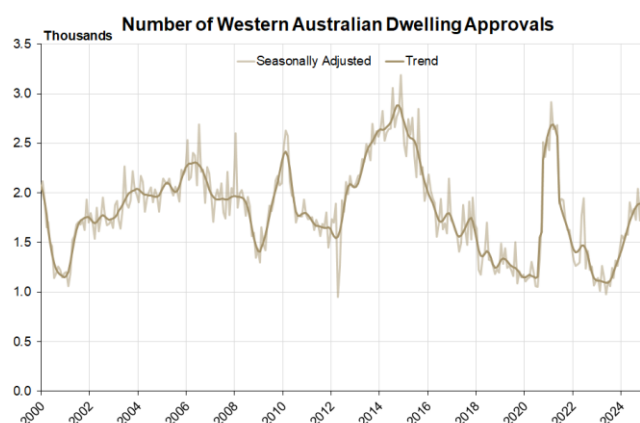
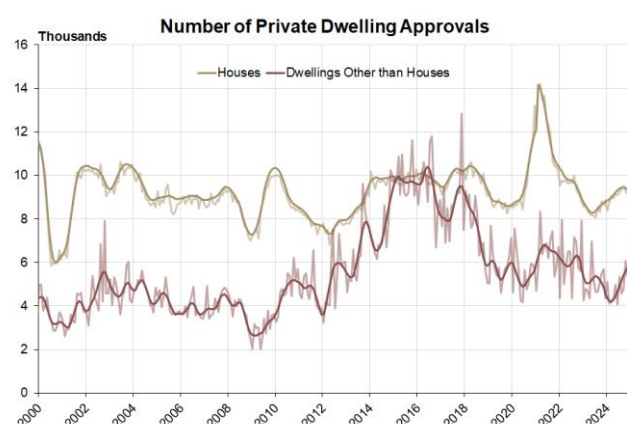
Total dwelling approvals rose in all states except for New South Wales, which saw a surge in apartment approvals in the previous two months.

Monthly trend growth remained negative in all states except for Victoria and South Australia.

Seasonally Adjusted (%)	MoM	YoY
Western Australia	17.1	44.9
New South Wales	-44.1	-11.5
Victoria	36.4	52.5
Queensland	13.0	12.8
South Australia	5.4	47.0
Tasmania	61.3	9.4

Private sector house approvals picked up in New South Wales, Victoria, and Queensland, while other mainland states saw declines in February. Trend growth was positive only in New South Wales.

In Western Australia, dwelling approvals surged by seasonally adjusted 17.1% in February, to be up by 44.9% through the year, but decline continued in trend terms. The increase in seasonally adjusted terms was due to multi-unit approvals more than doubling, while consent for private sector houses dropped by 8.5%. Trend growth private sector house approvals also remained negative, at 1.6%.



Comment

Despite some month-to-month volatility, the overall picture of the Australian housing market remains unchanged, with insufficient existing and new supply to meet the steadily growing demand.

There are some tentative signs of much-needed improvement in multi-dwelling approvals, but they are still well below their peak levels from 2014-17.

While the most recent ABS data suggest that population growth slowed in Q3 2024, there were still 480 thousand more people than a year before, compared to roughly 170 thousand dwellings approved during the same period.

In addition, the February cut from the RBA has attracted new buyers to the housing market, which immediately translated into higher prices. According to CoreLogic, home prices rose by another 0.4% in March, reaching a fresh record high. Increases were recorded in all mainland capitals, with Perth home prices picking up by 0.2% MoM and 11.9% YoY.

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